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April 2, 2007

Arizona Corporation Commission DOCKETED

APR -2 2007

HAND DELIVERY

Shaunna Lee-Rice Arizona Corporation Commission Docket Control 1200 W. Washington Phoenix, AZ 85007

Re: Community Water of Green Valley; Docket No W-02304A-05-0830: Decision No. 69205; Compliance

Dear Ms. Lee-Rice:

The subject Decision required the company to address an alleged excess water loss issue. Attached please find 15 copies of the Company's letter explaining the corrected water loss computation.

In the event you have any questions regarding these matters please do not hesitate to contact the undersigned.

Sincerely,

Richard L. Sallquist

MI APR -2 P 4:

Enclosures

cc:

Utilities Division Compliance Section Pierre Hanhart



1501 South La Cañada Drive • Green Valley, Arizona 85614-1600

Phone: (520) 625-8409 • Fax: (520) 625-1951

www.communitywater.com

March 20, 2007

Compliance Section Arizona Corporation Commission 1200 West Washington Street PHOENIX, AZ 85007

Re: Docket #: W-02304A-05-0830; Decision #69205

Dear Sir or Madam:

This letter is in response to a compliance action ordered by Arizona Corporation Commission's staff regarding water loss in excess of 10%. CWC was ordered to provide a plan to reduce its water loss to less than the 10%.

Based on review of reports submitted to State agencies and discussions with State agencies' representative, it came to our attention that we did not include 'other accounted for' water on certain reports and therefore those gallons were considered by state agencies as water loss/unaccounted for.

CWC was advised to file revised reports for 2004 and 2005 and properly include these allowable un-metered uses in the proper category. These allowable adjustments will bring CWC water loss & 'Unaccounted for' water below the 10% threshold for the year 2004 and 2005. We plan on filing our adjustments to our two DWR reports by March 31, 2007.

In calendar year 2006, CWC's metered sales were 861,419,700 gallons compared to the 956,308,600 gallons produced, a difference of 94,888,900 gallons or 10%. After accounting for 'Other accounted for' water uses, CWC total 'water loss and unaccounted for water will be less than 10%.

Therefore CWC is in full compliance with ADWR's 'water loss and unaccounted for' requirements. Please contact me if you need additional information.

Sincerely,

Community Water Company of Green Valley

Pierre Hanhart

Controller/Assistant Treasurer

CC: Docket Control Center

CC: Director of Utilities Division